Basel Committee on Banking Supervision's Pillar 3 Remuneration Disclosure

The information set forth in this document in respect of The Great-West Life Assurance Company ("Great-West"), London Life Insurance Company ("London Life") and The Canada Life Assurance Company ("Canada Life") (collectively the "Companies") is in response to the Pillar 3 disclosure requirements for remuneration as required by the Office of the Superintendent of Financial Institutions (Canada).

Compensation Policies

The Boards of Directors of the Companies have established Human Resources Committees (the "Human Resources Committees") to support the Boards in their oversight of compensation, talent management and succession planning. This includes the responsibility to approve compensation policies, to review the designs of major compensation programs, to approve compensation arrangements for senior executives of the Companies and to recommend to the Board compensation arrangements for the Directors and for the President and Chief Executive Officer. The mandates also include the responsibility to review succession plans for the President and Chief Executive Officer and other senior executives, to review talent management programs and initiatives and to review the leadership capabilities required to support the advancement of the Companies' strategic objectives. The Human Resources Committees are also responsible for overseeing the risks associated with the Companies' compensation policies, plans and practices.

The following table shows the members of the Human Resources Committee, which members are independent of management and which members are independent within the meaning of the Canadian Securities Administrators in National Policy 58-102 and the reason for non-independence of individual Directors.

Committee Member	Independent of Management	Independent	Non-independent	Reason for Non-independence
		within the CSA Guidelines		
Généreux, C. (Chair)	✓		✓	Executive Officer of Power and Power Financial
Coutu, M.R.	✓	✓		
Desmarais, A.	✓		✓	Executive Officer of Power and Power Financial
Desmarais, P., Jr.	✓		✓	Executive Officer of Power and Power Financial
Jackson, J.D.A.	✓	✓		
McArthur, S.J.	✓	✓		
Orr, R.J.	✓		✓	Executive Officer of Power and Power Financial
Ryan, T.T.	✓	✓		
Walsh, B.E.	✓	✓		

The members of the Human Resources Committees have an extensive working knowledge of the financial services industry at a senior level. They are experienced in the financial management of large corporations and are knowledgeable regarding the impact of business risk on future profitability and on compensation structures and processes. They have knowledge of, and have participated on, other human resources or similar committees, and their independence from management ensures an objective process for determining compensation for the Companies' senior management. The Human Resources Committees met five times in 2017. No significant changes were made to the Companies' compensation policies. Members of the Human Resources Committees receive an attendance fee of $2,000 per meeting.

The executive compensation programs adopted by the Companies and applied to their senior management have been designed to:

- attract, retain and reward qualified and experienced executives who will contribute to the success of the Companies;
- motivate senior management personnel to meet annual corporate, divisional, and individual performance goals;
- support the Companies' objective of generating value for shareholders and policyholders over the long term;
- promote the achievement of goals in a manner consistent with the Companies' Code of Business Conduct and Ethics; and
- align with regulatory requirements and sound risk management practices.

More specifically, the executive compensation programs reward:

- excellence in crafting and executing strategies that will produce significant value for the policyholders and shareholders over the long term;
- management vision and an entrepreneurial approach;
- quality of decision-making;
- strength of leadership;
- record of performance over the long term; and
- initiating and implementing transactions and activities that create shareholder and policyholder value.

The Boards and the Human Resources Committees recognize the importance of executive compensation decisions and remain committed to awarding compensation that reflects leadership's ability to deliver on the Companies' strategic goals and to drive strong performance and sustainable value for shareholders and policyholders.

In designing and administering the individual elements of the executive compensation programs, the Human Resources Committees strive to balance short-term and long-term incentive objectives and to apply prudent judgment in establishing performance criteria, evaluating performance, and determining actual incentive awards. The senior management compensation programs are reviewed by the Human Resources Committees from time to time for market competitiveness, and reflect job responsibilities, experience and proven performance.

Components of Compensation

The executive compensation programs consist of five primary components:

- base salary;
- annual incentive bonus;
- share units;
- options for Great-West Lifeco Inc. ("Lifeco") Common Shares; and
- retirement benefits.

Base salary, annual incentive bonus, share unit and retirement benefit programs are determined by the Human Resources Committees of the Companies for their respective senior management personnel, other than the President and Chief Executive Officer, whose base salary, annual incentive bonus and share units are recommended by the Human Resources Committees for approval by their respective Boards of Directors. The long-term compensation component in the form of options for Lifeco Common Shares is determined and administered by Lifeco's Human Resources Committee.

The primary purpose of each of the major components of compensation is summarized in the following table:

Component	Purpose
Base salary	Provides a base level of income reflecting the responsibilities, skills, competencies, experience and performance of senior management personnel
Annual incentive bonus	Cash-based awards that reflect the achievement of individual and business performance for the year
Share units	Awards that pay out over time that align the medium-term interests of senior management personnel with the interests of shareholders
Stock options	Awards that pay out over time that align the long-term interests of senior management personnel with the interests of shareholders
Retirement benefits	Provide for appropriate replacement income upon retirement based on years of service

(a) Base Salary

Base salaries for senior management personnel are set annually, taking into account the individual's job responsibilities, skills, competencies, experience and performance, as well as market conditions. These salaries are based on data gathered by the Companies or by external professional compensation consultants.

(b) Annual Incentive Bonus

To relate the compensation of senior management personnel to the performance of the Companies, an annual incentive bonus opportunity is provided. Target objectives are set annually at the beginning of each year, and are comprised of a combination of the following three elements:

(i) earnings, expense and sales targets of the relevant Companies and/or their subsidiaries and/or business units within them;

(ii) earnings of the Companies or their subsidiaries; and
(iii) specific individual objectives related to strategic initiatives.

Bonus opportunities are expressed as a percentage of base salary. Lower bonus amounts, including the potential for a zero payout, may result if outcomes are below established performance targets.

From time to time, special bonuses may be paid for significant projects such as acquisitions.

(c) Share Units

To provide a medium term component to the executive compensation program, senior management personnel participate in either the Great-West, London Life or Canada Life Share Unit Plan (the "Share Unit Plans"). Pursuant to the Share Unit Plans, notional share units ("Performance Share Units") may be awarded to senior management personnel by the relevant Human Resources Committee (the value of a Share Unit on any particular date is based upon the price of the Lifeco Common Shares on the Toronto Stock Exchange ("TSX")). The number of Performance Share Units awarded is generally related to the base salaries of the senior management personnel and to the contributions that they have made to the Companies. Each Performance Share Unit has a three-year vesting period and is payable subject to continuous employment and the satisfaction of other vesting conditions. The number of Performance Share Units may be adjusted at the time of vesting based on a performance modifier, which reflects annual performance outcomes over a multi-year period, as well as changes in the price of Lifeco Common Shares and notional dividends. Some of the senior management personnel who participate in the Share Unit Plans have the option of electing to receive all or a portion of their Performance Share Units in the form of deferred share units and also have the opportunity to elect to receive all or a portion of their annual cash bonuses in the form of deferred share units, in which event they cannot be redeemed until after the senior management person has retired.

(d) Stock Options

To provide a long-term component to the executive compensation program, senior management personnel participate in Lifeco's Stock Option Plan (the "Stock Option Plan") pursuant to which options may be granted to purchase Lifeco Common Shares.

Lifeco's Human Resources Committee is responsible for the granting of options to participants under the Stock Option Plan. The Lifeco Human Resources Committee generally considers the granting of options on an annual basis. The duties, responsibilities and contributions of participants to the success of the Companies are taken into account when the Lifeco Committee determines whether, and how many, new option grants should be made. The granting of options is subject to the terms and conditions contained in the Stock Option Plan, and any additional terms and conditions fixed by the Lifeco Human Resources Committee at the time of the grant.

The Lifeco Human Resources Committee determines those persons to whom options are granted and sets the exercise price of the options, but under no circumstances can it be less than the weighted average trading price per Lifeco Common Share on the TSX for the five trading days preceding the date of the grant. Options generally become exercisable at the rate of 20% per year commencing one year after the date of the grant and generally expire ten years following the date of the grant.

The Human Resources Committees believe that long-term incentives in the form of stock options, with delayed vesting provisions, play an important part in retaining key senior management personnel and in aligning the interests of the senior management personnel with those of the policyholders and shareholders, and in contributing to the achievement of the results that have been attained by the Companies.

(e) Retirement Benefits

The Companies offer retirement arrangements to senior management personnel through registered defined benefit pension plans and, for some senior management personnel, a defined benefit supplemental retirement plan. The purpose of these retirement arrangements is to:

- offer an adequate and competitive level of income to senior management personnel who have spent a significant portion of their career with the Companies or one of their subsidiaries;
- provide an incentive for senior management personnel to remain in service with the Companies or one of their subsidiaries through the vesting provisions of the supplemental executive retirement plans and their benefit accrual formulas; and
- supplement registered pension plan benefits to assist in attracting senior management personnel.

Compensation of senior management personnel will be affected if the Companies' performance metrics are weak. The annual incentive bonuses and payouts under the Share Unit Plans are closely tied to the Companies' financial results and are reduced if overall results are weak. Similarly, if performance metrics are weak one would expect that to be reflected in a lower trading price for Lifeco Common Shares, and that would reduce the compensation arising from options granted under the Stock Option Plan.

Share Ownership Requirements

The Committees believe that the President and Chief Executive Officer, and certain other senior executives should own a significant amount of equity in the Companies to further align their interests with those of the Companies' shareholders.

Accordingly, the President and Chief Executive Officer is required to maintain share ownership equal to five times his annual base salary. Certain other senior executives are required to maintain share ownership equal to two and a half times their annual salary. The share ownership requirement can be satisfied through shares or share units accumulated under the Executive Share Unit Plans, the Directors Deferred Share Unit Plans, the share purchase program and through personal holdings.

The President and Chief Executive Officer currently exceeds his share ownership requirement, as do other senior executives subject to such requirements.

Compensation Risk Management

In performing their duties, the Human Resources Committees consider the implications of the possible risks associated with the Companies' compensation policies and practices. This includes identifying any such policies or practices that may encourage senior management personnel to take inappropriate or excessive risks and identifying and mitigating any risks arising from such policies and practices that are reasonably likely to have a material adverse effect on the Companies.

The Committees periodically review and assess their compensation policies and practices in relation to such risks, and meets with the Chief Risk Officer of the Companies on an annual basis to consider his assessment of the alignment of the Companies' compensation policies and practices with the Financial Stability Board (FSB) Principles for Sound Compensation Practices. The Chief Risk Officer may also recommend to the Committee adjustments to compensation based on a review of key risk factors, including compliance with risk appetite limits and risk tolerance limits for market, liquidity, credit, insurance and operational risks. It is the Committees' view that the Companies' compensation policies and practices do not encourage inappropriate or excessive risk-taking.

In addition, minimum incentive compensation deferral requirements that are aligned with the FSB principles are in place for the Named Executive Officers, and unvested or unexercised incentive compensation granted to the Named Executive Officers may be reduced or cancelled in the event of misconduct, the restatement of financial results or statements, or a material failure of risk management.

The Committees believe that the Companies' status as regulated financial institutions that, in each case have a controlling shareholder with a long term focus, mitigate against senior management personnel exposing the Companies to inappropriate or excessive risks. As described previously, the Companies' executive compensation policies and programs have been designed to support the Companies' objective of generating long-term value for policyholders and shareholders.

As described above, annual incentive bonuses are determined by reference to a number of factors, many of which relate to the overall financial performance of the Companies and which are beyond the capability of any particular senior management person to affect directly in a significant way. Furthermore, Annual Incentive Bonuses for risk and compliance employees are based principally on the achievement of the objectives of their respective functions rather than the results of the businesses that they oversee. As such, the Committees believe that the annual incentive bonus program does not encourage potentially inappropriate short term risk-taking behaviour. As also described above, a significant portion of senior management personnel compensation is in the form of stock options which typically have a ten-year term and are subject to annual vesting requirements over a five year period. In the view of the Committees, as recipients only benefit under stock options if shareholder value increases over the long term, senior management personnel are not encouraged to take actions which provide short term benefits and which may expose the Companies over a longer term to inappropriate or excessive risks. In addition, the Share Unit Plan requires senior management personnel to hold their Share Units for at least a three year vesting period, and this also mitigates against senior management personnel taking inappropriate or excessive risks to improve short term performance.

Senior management personnel are also subject to Lifeco's Insider Trading and Reporting Policy (the "Insider Trading Policy"). Although the Insider Trading Policy does not generally prohibit senior management personnel from purchasing financial instruments that could be utilized to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by these individuals, it does prohibit the use of some financial instruments that could be used for this purpose. For example, senior management personnel are prohibited from knowingly, directly or indirectly, selling a "call" or buying a "put" in respect of any security of Lifeco or of its public affiliates. The Insider Trading Policy also prohibits these individuals from buying or selling any securities of Lifeco or of its public affiliates with the intention of reselling or repurchasing them within a six-month period in expectation of a short term rise or fall in the market price of the securities, or generally selling such securities, directly or indirectly, if he or she does not own or has not fully paid for such securities.

ANNEX A

The tables below summarize aggregate quantitative information on compensation paid or awarded to 17 Senior Officers (being those officers who have the authority and responsibility for planning, directing, and controlling the activities of the Companies), which includes fees paid to members of the Board of Directors, and 10 Material Risk Takers (being the senior investment officers of the Companies and those who are responsible for the major operating business units of the Companies and who could have a material impact on the Companies' risk exposure).

All of the Senior Officers and Material Risk Takers received annual incentive bonuses and grants of Performance Share Units and / or stock options in 2017. All outstanding deferred equity-based compensation paid in the form of Performance Share Units and stock options is subject to implicit adjustments (increases or decreases in value due to changes in the trading price of Lifeco's Common Shares and accumulated dividends) and all outstanding deferred compensation granted in 2017 is subject to explicit adjustments (reduction or cancellation in the event of misconduct, the restatement of financial results or statements, or a material failure of risk management). There were no reductions made to deferred compensation due to explicit or implicit adjustments in 2017.

No guaranteed bonuses, sign-on awards or severance payments were paid to Senior Officers or Material Risk Takers in 2017.

2017 compensation awards

	Senior Officers		Material Risk Takers	
($ millions)	**Unrestricted**	**Deferred**	**Unrestricted**	**Deferred**
Fixed compensation				
Salary	13.1		5.2	
Other	0.1		0.1	
Variable compensation				
Cash-based	8.8		4.1	
Share units		9.0		1.8
Stock options		1.8		0.5

* Option based awards are calculated based on Black-Scholes value at the time of grant.

Deferred compensation

	Senior Officers		Material Risk Takers	
($ millions)	**Unvested**	**Vested**	**Unvested**	**Vested**
Cash-based				0.8
Share units	14.6	9.0	3.7	2.6
Stock options	1.3	8.2	0.3	1.7
Calendar year payouts		2.4		1.3